



Loudoun County

VIRGINIA

WHERE TRADITION MEETS INNOVATION

Communications Commission Annual 2019 Status Report

Board of Supervisors Business Meeting
July 18, 2019

Agenda

- Communications Industry Developments
- Loudoun Status
- Strategic Criticality
- Commission Work Items & Status
- Legislative Initiatives Detail
- Cable TV Franchise Performance & Renewal Committee Detail
- Conclusion

Industry Developments

- Cellular
 - Industry is focusing on densification of urban coverage
 - New towers strictly gated by ROI, little basic coverage expansion underway
 - Small cell supports densification, but increases cost per sq.-mi, so is not a solution for new coverage
 - 5G rollouts focused on fixed wireless broadband service to challenge Cable TV Service Providers
 - Most bands proposed require line-of-sight and will not work in heavily foliated Western Loudoun.

Industry Developments (continued)

- Cable
 - Cable TV revenue continues to decline due to streaming & other over-the-top services
 - A material portion of cable franchise fees fund 911 system
 - Little wired network expansion, since 5G & densification consuming virtually all carrier CAPEX
- DirecTV, now owned by AT&T, have launched their last satellite, service will end once existing ones reach end-of-life.
 - In favor of their own U-Verse wired or 5G fixed wireless, further reducing media availability in rural areas.

Loudoun Status

- Good wireless and broadband options in most of Eastern Loudoun
 - Comcast & Verizon launching service in old OpenBand areas
- No new towers in Western Loudoun in past 5 years
 - Still lack at least 17 towers identified in 2014 Wireless Gap Analysis requested by BoS
 - 2 new towers zoned but not yet built

Loudoun Status (continued)

- Still significant broadband coverage shortfalls in West, despite incremental expansion of wired cable TV franchisees...Comcast & Verizon
- Expansion of Wireless Internet Service Providers (WISP) service is also dependent on new tower development
- Waterford Telecom has been expanding advanced DSL-based service, re-using aged Verizon outside copper plant, in West to offer broadband in areas not otherwise covered

Strategic Criticality

- Wireless infrastructure (towers) critical for cell, public safety, WISP, & broadband access
- Fiber infrastructure critical to lower cost for all stakeholders (service providers, businesses, County, LCPS)
 - Extensive assets in east fueling data center explosion
 - All western communications projects incur step-function in cost due to lack of shared infrastructure

Strategic Criticality (continued)

- Lack of wireless and fiber infrastructure in west impacts:
 - Digital divide
 - Risks survival of the rural economy and policy area
 - An economic development issue county-wide
 - An issue for LCPS digital education initiatives
 - Transportation (lack of telework capabilities)

Commission Work Items (in conjunction w/staff)

- Broadband Strategic Plan 2018
- PPP CIP item & study
- Policies to encourage infrastructure investment or reduce investment costs
 - Tax incentives, planning, zoning, permitting, & application fees
- Cable franchise management
 - Customer survey, PEG fee accounting, renewal policy development, INET resolution
- Legislative initiatives

Legislative Recommendations Committee

Working in close coordination with the County's legislative liaison, the Committee members focused on the following issues in 2018:

- **HB 1258 and SB 405** - Helped persuade Virginia lawmakers to amend zoning and permitting bills to protect the County's decision-making authority while encouraging build-out of wireless infrastructure
- **SHPO Process Improvement** - To address the extended delay in SHPO reviews, persuaded DHR to meet, analyze Loudoun's unique challenges, and undertake revisions to support Loudoun broadband infrastructure projects

Legislative Recommendations Committee (continued)

- **Communications Tax Reform** - In alignment with the County's legislative program, a House Delegate introduced a bill to extend the scope of the Communications Tax (to cover prepaid calling and streaming services) to stem the decline in revenue flowing to the County for vital safety services

Legislative Recommendations Committee

In 2019 the Committee's plans include:

- **Support for the County's Legislative Program** - Continued close coordination with the County's legislative liaison to promote the County's legislative program before the General Assembly
- **SHPO Process Improvement** - Active participation in DHR's review to enhance the efficiency of the SHPO process
- **Continue to Advocate Communications Tax Reform** - In addition to broadening the scope of the tax, oppose the diversion of tax revenue into the general fund at the expense of localities

Legislative Recommendations Committee (continued)

- **Promote Prescriptive Easement Collocation** - Support legislation to allow collocation of telecommunications equipment on utility poles maintained by electric cooperatives
- **FCC Actions** - Monitor federal regulatory actions that impact County decision-making authority

Cable TV Franchise Performance & Renewal Committee

- **Ordinances** - Developing recommendations for updates and changes to county ordinances 805, 806, 809 with goal to deliver in Q2/2019
- **Franchisee Reporting** - Recommended county staff require franchisee to include system build out maps in annual report as outlined in the cable franchise agreements – currently under review by County Attorney's Office and DIT staff

Cable TV Franchise Performance & Renewal Committee (continued)

- **Franchisee Performance** - Developed Resident Cable Subscriber Survey to provide information on how well cable franchisees are performing throughout the county in support of cable TV franchise renewals. Survey ran from 11/19/18 through 1/31/19.
 - Public Input Session on franchisee performance was held on 12/19/18 to obtain resident feedback
- **PEG Fee Plan** - Communications Commission has voted to recommend that County develop policy regarding PEG fee usage and future needs for PEG fees in support of the franchise renewal process

Cable TV Franchise Performance & Renewal Committee (continued)

- **Institutional Network (I-NET)** – Communication Commission Cable and Open Video Systems Franchise Report (2014) report highlighted to the county that some clarification was needed on ownership and maintenance of I-NET.
 - Recent meetings between County and Comcast are clarifying ownership and maintenance

Cable TV Franchise Performance & Renewal Committee (continued)

- **PEG Fee Procedures** – a request from 2015 regarding PEG fee fund totals and expenditures from Communication Commission in support of County annual reporting requirements under franchise agreement has led to the County reorganizing oversight of PEG fee accounting and led to the establishment of a standard operating procedure for County departments to request PEG fee funds.

Cable TV Franchise Performance & Renewal Committee (continued)

- **Franchise Renewal Best Practices** – In preparation for start of franchise agreement renewals, the Commission is analyzing best practices regarding franchise agreement provisions throughout the Commonwealth for recommendation to County Attorney's Office.

Conclusions

- Staff and Commission continue in strong collaborative effort across many Departments
- Public-Private-Partnership (P3) could materially reduce County, LCPS, and provider communications costs in West
 - CTC Study Report
- Cost reductions and incentives for tower infrastructure investment in West also critical

Conclusions (continued)

- Legislative initiatives important to facilitate but also defend County autonomy on infrastructure policies
- Next two years critical to prepare franchise renewal to align with strategic goals
- Execute Broadband Strategic Plan